

SB

387

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 387
(S) Publish Date: 4/13/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Commercial Fishing Loans to Eligible RDU Investments (122)
Community Quota Entities Component Investments
Sponsor Rules
Requester By Request of the Governor Component No. 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1036)	0.0	0.0	0.0	0.0	0.0	0.0
------------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1036 Commercial Fishing Loan Fund						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would amend the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the department to make loans to a new group of quota share purchasers, Community Quota Entities (CQE), eligible under federal statute or regulation. This bill would accommodate a new class of borrowers under the National Marine Fisheries Service (NMFS) proposed rule (50 CRR 679) that will allow Individual Fishing Quota Shares (IFQs) to be purchased by non-profit entities as identified by the NMFS. The total balances of loans may not exceed \$2 million per community eligible under federal statute or regulation. The department anticipates making approximately \$1 million in CQE loans in FY05 and approximately \$3 million in each fiscal year thereafter through FY10.

No additional administrative costs would be required to accommodate this amendment to the CFRLF.

Prepared by: Greg Winegar, Director Phone (907) 465-2510
Division Investments Date/Time 2/12/04 11:50 AM
Approved by: Edgar Blatchford, Commissioner Date 2/12/2004
Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 387
(S) Publish Date: 4/13/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
Title Making commercial fishing loans RDU _____
to eligible community quota entities Component _____
Sponsor Rules Committee
Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Passage of this legislation would have no fiscal impact.

Prepared by: Sarah Gilbertson Phone 465-6137
Division Legislative Liaison Date/Time 1/25/04 11:55 AM
Approved by: Commissioner Kevin Duffy Date 1/25/2004
Agency Alaska Department of Fish & Game

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

April 9, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, Ak 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to amend the lending authority of the Department of Community and Economic Development (department) under the Commercial Fishing Loan Act; to authorize loans to federally designated community quota entities authorized by federal regulation to purchase and hold certain fishing quota shares; and to lease the resultant individual fishing quota shares to community residents.

The federal government is currently proposing federal regulations that, if adopted, would amend the federal individual fishing quota program. The definition of an eligible quota shares holder would be revised to allow specific communities in the Gulf of Alaska to purchase quota shares for halibut and sablefish fisheries. The community quota entity may then hold the shares for lease to their community residents. Quota shares, and loans for their purchase under the Commercial Fishing Loan Act, are presently limited to individuals.

The purpose of the amendment is to improve the economic viability of these communities through local ownership of fishing privileges. Since the initial allocation of quota shares all but two of the 42 eligible communities have experienced a significant decline in the number of quota shares held by residents. This amendment will provide a financing mechanism that can be used by these communities to help reverse this trend.

The bill's effective date provision for the loan statute changes would ensure that if the proposed federal regulations do not take effect, the bill's changes expanding the department's lending authority also would not take effect.

The Honorable Gene Therriault

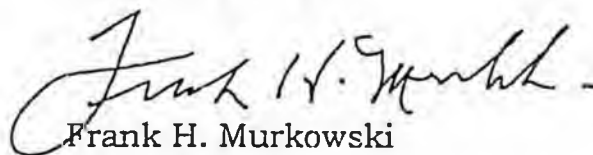
April 9, 2004

Page 2

The community quota entity program provides a unique opportunity to improve economic conditions in a number of Alaska's coastal communities. Local ownership of fishing privileges is vital to the financial health of these communities.

I urge your prompt and favorable action on this measure.

Sincerely yours,



Frank H. Murkowski
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 387
(S) Publish Date: 4/13/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Commercial Fishing Loans to Eligible RDU Investments (122)
Community Quota Entities Component Investments
Sponsor Rules
Requester By Request of the Governor Component No. 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (1036)	0.0	0.0	0.0	0.0	0.0	0.0
------------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1036 Commercial Fishing Loan Fund						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would amend the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the department to make loans to a new group of quota share purchasers, Community Quota Entities (CQE), eligible under federal statute or regulation. This bill would accommodate a new class of borrowers under the National Marine Fisheries Service (NMFS) proposed rule (50 CRR 679) that will allow Individual Fishing Quota Shares (IFQs) to be purchased by non-profit entities as identified by the NMFS. The total balances of loans may not exceed \$2 million per community eligible under federal statute or regulation. The department anticipates making approximately \$1 million in CQE loans in FY05 and approximately \$3 million in each fiscal year thereafter through FY10.

No additional administrative costs would be required to accommodate this amendment to the CFRLF.

Prepared by: Greg Winegar, Director Phone (907) 465-2510
Division Investments Date/Time 2/12/04 11:50 AM
Approved by: Edgar Blatchford, Commissioner Date 2/12/2004
Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 387
 (S) Publish Date: 4/13/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Fish and Game
 Title Making commercial fishing loans RDU _____
to eligible community quota entities Component _____
 Sponsor Rules Committee
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Passage of this legislation would have no fiscal impact.

Prepared by: Sarah Gilbertson
 Division: Legislative Liaison
 Approved by: Commissioner Kevin Duffy
 Agency: Alaska Department of Fish & Game

Phone 465-6137
 Date/Time 1/25/04 11:55 AM
 Date 1/25/2004

**Alaska Division of Investments
SB 387 Sectional Analysis**

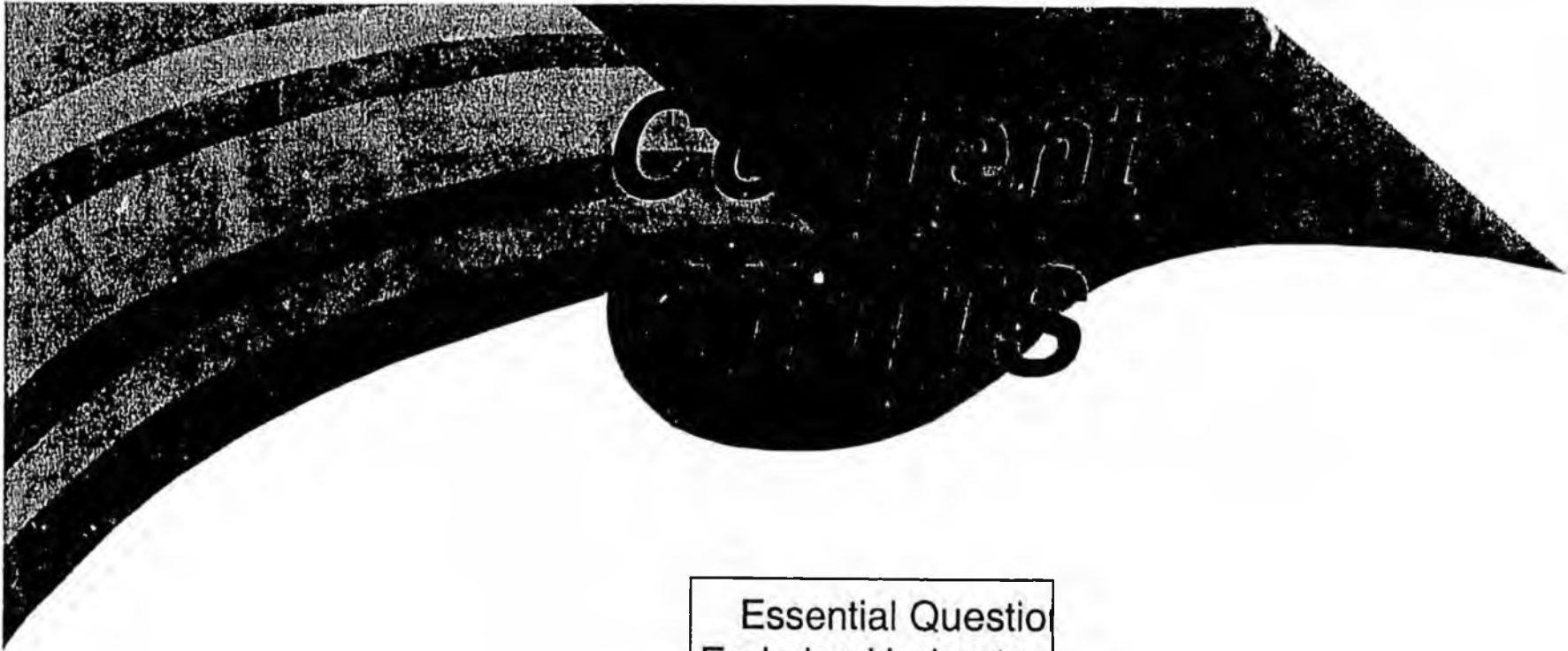
- Section 1 Amends AS 16.10.310(a)(1) by adding subsection E that allows the department to make loans to a new class of borrowers called community quota entities (CQE) to purchase fishing quota shares. To qualify a CQE must be eligible under federal statute or regulation and must not be eligible for financing from other recognized commercial lending institutions.
- Section 2 Amends AS 16.10.320(d) to limit the dollar amount of loans a community can have outstanding at any point in time to \$2,000,000.
- Section 3 Stipulates that the act does not take effect until the federal regulations authorizing community quota entities takes effect.

Prepared by the Alaska Division of Investments
April 9, 2003

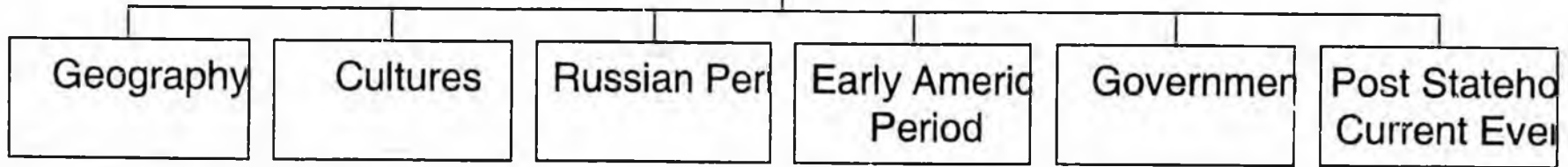


Design Elements

- Web-Site*
- *CD*
- *Printed Teacher's Guide*
- *-----Multiple Access Points*
- *Standards-based*
- *Six narrative themes/periods*
- *Chronology*
- *Regional Histories*



Essential Questions
Enduring Understandings





Unit Authors

Geography – Dr. ROGER PEARSON

Cultures – PAUL ONGTOOGUK

Russian Period – Dr. STEVE HAYCOX

Early American Period – JO ANTONSON

Government- Dr. TERRENCE COLE

*Post Statehood/Current Events – Dr. STEVE
HAYCOX*

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

SPECIAL FEATURE

■ PRIMARY DOCUMENTS (Use of VILDA, Juke Box)

MESSAGE TO THE GOVERNOR
HOUSE OF REPRESENTATIVES

TO THE GOVERNOR: MONTGOMERY, February 15, 1945

The House of Representatives and The Senate have passed () Memorial ()
The Speaker and President have signed () Resolution ()

"An Act to provide for full and equal accommodations, facilities and privileges to all citizens in places of public accommodation within the jurisdiction of the Territory of Alaska; to provide penalties for violations."

RECEIVED
Feb. 15, 1945
GOVERNOR'S OFFICE
2071

and the same by _____ Secretary designated for your signature.

Ben C. McManus
Clerk of the House

SPECIAL FEATURE



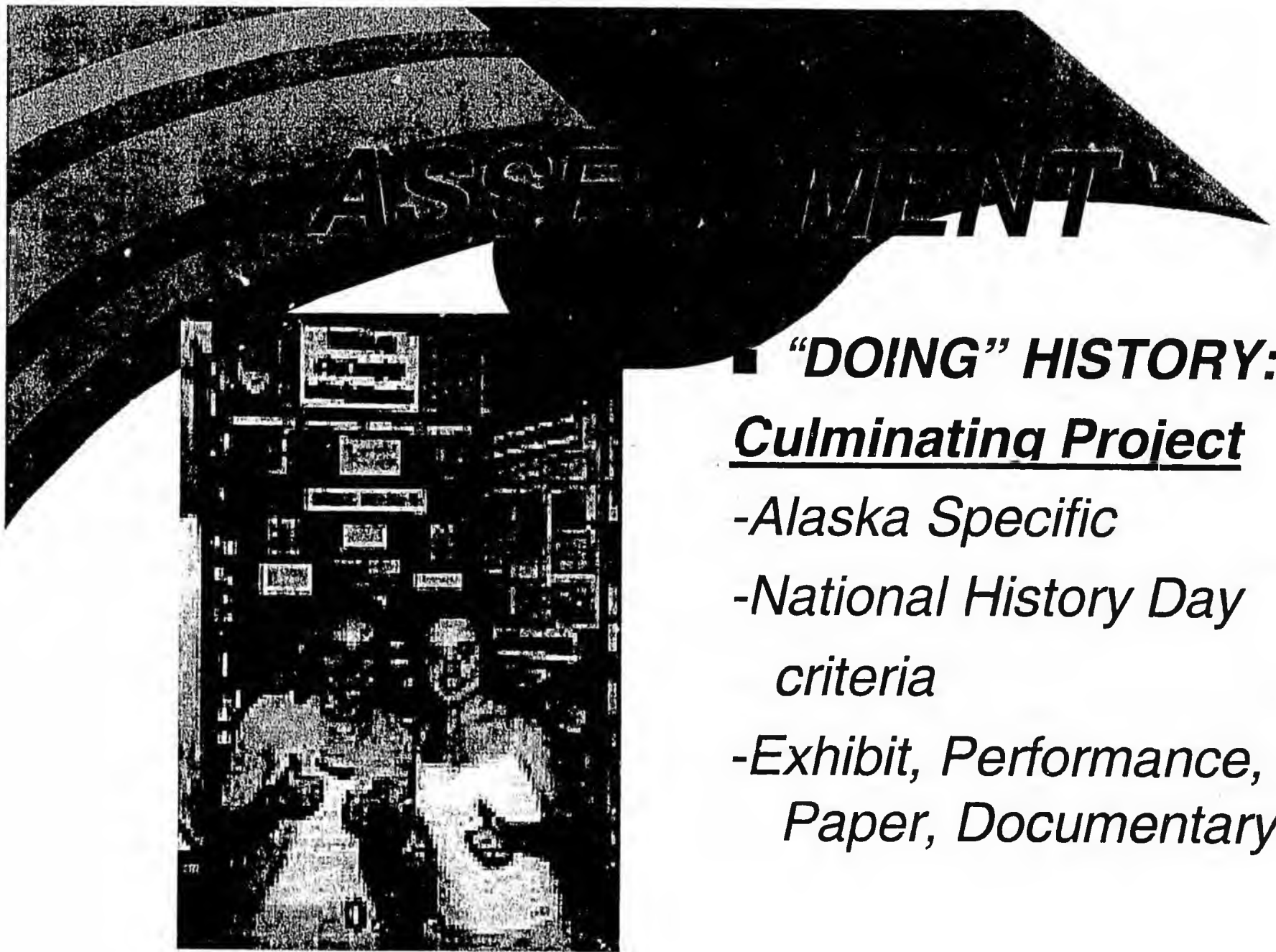
- **BIOGRAPHIES**
*(individuals,
organizations)*
- **INTERVIEWS**
WITH ALASKA'S
"LIVING
STATUES"

SPECIAL FEATURE

■ VIRTUAL FIELD TRIPS

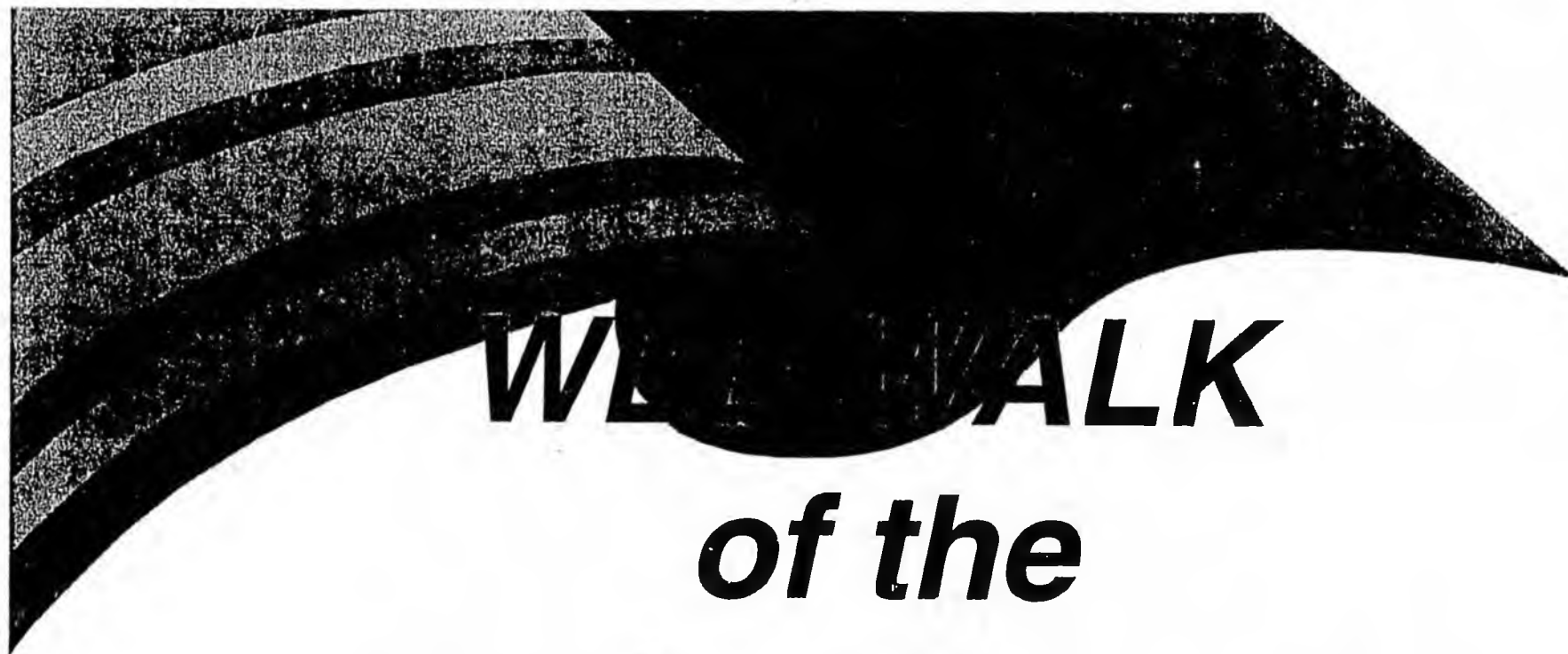
[www.nps.gov/
akso/beringia/index.htm](http://www.nps.gov/akso/beringia/index.htm)





**■ “DOING” HISTORY:
Culminating Project**

- Alaska Specific*
- National History Day
criteria*
- Exhibit, Performance,
Paper, Documentary*



WALK
of the
Alaska History &
Cultural Studies Site



HOME PAGE

Community Quota Entity (CQE) Legislation:

HB554/SB387

Commercial Fishing Loans to Eligible CQE's

Background

- The National Marine Fisheries Service (NMFS) is expected to publish the final rule implementing Amendment 66 to the Fishery Management Plan (FMP) for groundfish in the Gulf of Alaska in May 2004.
- Amendment 66 is the outcome of a series of public meetings with the North Pacific Fishery Management Council (NPFMC) and represents a consensus on how to reverse the outward migrating of IFQs from rural Alaska communities to the Lower 48 states.
- The proposed rule would allow 42 coastal communities to be eligible purchase Individual Fishing Quotas (IFQs). These organizations would be known as Community Quota Entities (CQEs) and they would be authorized to purchase halibut and sablefish quota shares on the open market and lease these shares back to harvesters who are residents of the eligible communities.
- Communities represented by CQEs cumulatively would be limited to holding a maximum of 3 percent of the total halibut and black cod quota share in each area for the first seven years of the program up to a total of 21%.
- CQEs in Area 2C and 3A could only receive and use halibut quota share assigned to vessels greater than 35 feet and less than or equal to 60 feet (Category C) and greater than 60 feet (Category B). This provision would prohibit CQE's from holding halibut quota share assigned to vessels less than or equal to 35 feet (Category D). The Council did not recommend catcher vessel restrictions for CQEs holding sablefish quota shares as sablefish are typically harvested by larger vessels.
- The proposed rule identifies eligibility criteria, transfer restrictions and provides limited administrative oversight, however, it does not identify a funding mechanism for these communities to purchase the quota shares.

Legislation

- HB554/SB387 amends the Commercial Fishing Revolving Loan Fund (CFRLF) to allow the Department of Community & Economic Development to make loans to CQEs and in turn create a new local revenue stream. The department is currently able to make loans only to individuals to purchase quota shares.
- CQE applicants would be limited to \$2 million in outstanding loans per community.
- A down payment of 35% would be required for loans secured by quota share.

Benefits of CQEs:

- CQEs improve the economic viability of these communities through local control of fishing privileges.
- The majority of the 42 eligible communities in the proposed rule have experienced an out-migration of quota resulting in a significant decline in the number of quota shares held by local residents. The amendment should provide these communities with a mechanism to reverse the trend and this legislation will provide essential funding for the program.
- CQEs will provide additional employment opportunities for residents, help diversify fishing operations from salmon to halibut and sablefish, and increase efficiency by using existing salmon infrastructure such as vessels, processing plant and cold storage facilities.

Impact of the CQE legislation on Financial Services

- This legislation will not adversely impact private sector lenders. Section one of the bill requires that loans may be made only if the applicant is not eligible or qualified for financing from other recognized commercial lending institutions. This same requirement is already contained in the Commercial Fishing Revolving Loan Fund (CFRLF) statute for loans made to individuals to purchase quota shares.
- The CFRLF has adequate cash flow to handle anticipated loan demand. The Department of Community and Economic Development (Department) expects the program to phase in over a period of several years as communities form CQE's, establish a capital base necessary to meet down payment requirements and locate quota shares to purchase.
- The Department will amend the CFRLF regulations (3 AAC 80.055 (a)) to ensure that if total loan demand for the program ever exceeds the amount of capital available for loans that applications submitted by individuals to purchase limited entry permits, vessels, gear, or quota shares will be processed first.
- There will be no additional administrative costs associated with this proposal. The Department will use existing staff, expertise and infrastructure to handle CQE loans requests.

April 15, 2004

HB554/SB387
Commercial Fishing Loans for Quota Shares
Eligible Communities

There are 42 Communities with 13,030 residents that were determined by the National Marine Fisheries Services to eligible for the program. These communities are listed according to the halibut regulatory areas as follows:

Area 2C
8,119 Residents

Angoon
Coffman Cove
Craig
Edna Bay
Elfin Cove
Gustavus
Hollis
Hoonah
Hydaburg
Kake
Kassan
Klawock
Metlakatla
Meyers Chuck
Pelican
Point Baker
Port Alexander
Port Protection
Tenakee Springs
Thorne Bay
Whale Pass

Area 3A
2,711 Residents

Akhiok
Chenega Bay
Halibut Cove
Karluk
Larsen Bay
Nanwalek
Old Harbor
Ouzinkie
Port Graham
Port Lions
Seldovia
Tatitlek
Tyonek
Yakutat

Area 3B
2,200 Residents

Chignik
Chignik Lagoon
Chignik Lake
Ivanof Bay
King Cove
Perryville
Sand Point



Amending the Halibut and Sablefish IFQ Program

A New Opportunity for Gulf of Alaska Coastal Communities

Restricted Access Management (RAM) • Alaska Region, NOAA Fisheries (NMFS)

Phil Smith, RAM
April 14, 2004

Introduction: Within the next week or so, the U.S. Secretary of Commerce will publish an amendment to the Alaska halibut and sablefish Individual Fishing Quota (IFQ) program. The purpose of the amendment is to provide new opportunities for coastal community residents to benefit from the IFQ program. The amendment will allow those communities to form non-profit corporations under Alaska law; the non-profits will gain eligibility to receive quota by transfer. Quota obtained by the non-profit on behalf of an eligible community will then be fished by a community resident.

Background: Under the halibut/sablefish IFQ program entry to the fisheries is limited to those who hold quota shares. Quota, which is transferable, was initially issued to persons who had a history of fishing during the late 1980s. Under existing rules, quota may only be transferred to those who received shares initially or to "IFQ Crewmembers" (i.e., individuals who can demonstrate that they have commercially fished for a minimum of 150 days).

Since the beginning of the program in 1995, a large amount of the quota initially issued to people living in smaller Gulf of Alaska communities has been voluntarily transferred to people living in larger communities. Although each quota holder made up his or her own mind to transfer the quota, the effect has been a decrease in quota in the community and this fact has raised concerns about the overall economic viability of these smaller communities.

To address this issue, the North Pacific Fishery Management Council (Council) devised a program to provide the opportunity for eligible communities to create non-profit corporations to collectively hold the quota on behalf of the community.

Program Description: Under the program, "eligible communities" are those that have fewer than 1,500 residents (2000 Census), that have a history in the fisheries, that are not on the road system, and that have been designated by the Council. There are currently 42 designated communities, including 21 in South-central and 21 in Southeast.

Each of these communities (or several communities working together) may form a non-profit corporation. Once formed, the non-profit will apply to NMFS for

authority to act on behalf of the community(ies). Upon approval of the application, the non-profit will be designated as a "Community Quota Entity" (CQE). Before approving the application, NMFS will provide it to the State (Department of Community and Economic Development) for review and comment.

Once designated, a CQE will be eligible to receive quota on behalf of the community(ies) it represents. It is anticipated that the CQE will buy the quota from the existing quota market (prices vary, but currently quota sells for around \$12/pound).

When the annual IFQ is issued, the CQE will lease it to fishers who are residents of the communities on whose behalf the CQE holds the quota.

Allocation of the fishing profits will be determined by contract between the CQE and the fisher; it is expected that some will be returned to the CQE to repay loans used to buy the quota and to expand the community's quota holdings.

Other Program Elements: To insure that CQEs don't force individual quota purchasers out of the market, there are strict caps on the amount of quota that may be held by a CQE on behalf of any eligible community, and there is also a cap on the aggregate quota that may be held by CQEs on behalf of all communities. Additionally, there is a limit on the number of halibut and sablefish "blocks" that can be held by CQEs. Finally, CQEs will be required to submit an Annual Report that details their experiences under the program (the Reports will be submitted to NMFS and the Council and will be public information).

Conclusion: It is important to note that this program does not allocate fish and it does not allocate money; instead, it allocates opportunity. To that end, we hope that the creativity and hard work of coastal residents will make the program a success.

More Information: We welcome questions about this important program. Please contact us as follows:

Restricted Access Management Program
Alaska Region, NOAA Fisheries (NMFS)
1-800-304-4846; or (in Juneau): 907-586-7344
e-mail: RAM.Alaska@noaa.gov
www.fakr.noaa.gov/ram



CENTRAL COUNCIL
TLINGIT AND HAIDA INDIAN TRIBES OF ALASKA
ANDREW P. HOPE BUILDING
320 West Willoughby Avenue • Suite 300
Juneau, Alaska 99801-1726

Testimony Supporting SB 387
By: Don Bremner, Staff,
T&H Central Council Business & Economic Development
April 19, 2004

On Behalf of The S.E. Alaska Villages which Central Council represents we submit comment in support of SB 387.

Central Council Indian Tribes of Alaska has been working with the Southeast Alaska Intertribal Fish and Wildlife Commission; Communities and tribes of S.E. Alaska to accomplish the following in support of the Community IFQ Program;

1. Worked with the North Pacific Fisheries Management Council on behalf of all communities and tribes of S.E. Alaska to gain passage of the Community IFQ program.
2. Are working with all communities and tribes to educate them about the program and to gain support to form a Regional Halibut and Sable Fish Nonprofit Corporation to assist in implementing the IFQ program.
3. Worked with the RAM Division; and State Community and Economic Development Department to help develop awareness of the program in the S.E. Villages.
4. Numerous letters and documentation about the benefits of the IFQ program has been shared with each S.E. Alaska community and tribe through meetings; letters; faxes; phone calls and e-mails. (Main documents attachment I.)
5. Worked to gain our Congressional delegation support in coming up with Federal funding for the program.
6. Most recently Central Council Indian Tribes of Alaska General Assembly has passed a Resolution authorizing Central Council legal council to assist our Villages in drafting and filing the Nonprofit Articles of Incorporation and By-Laws, which once signed by the President and Tribal Secretary we will be able to move forward with meeting with our Tribal lawyers to accomplish the legal aspect of incorporation and be able to offer a Regional Nonprofit corporation entity to help implement this program. (Copy of Resolution attached II.)

Based upon our role of working with the North Pacific Fisheries Management Council; S.E. Communities; Tribes; Fishermen; Southeast Inter-tribal Fish and Wildlife Commission and State Department of Commerce and Economic Development Department, we believe that the Central Council Business and Economic Development Department is best positioned to assist the State with coordinating the implementation of this program in S.E. Alaska.

Central Council of Tlingit & Haida Indian Tribes of Alaska
Sixty-Ninth General Assembly
April 14-17, 2004
Juneau, Alaska

Resolution 04-43

Title: **Support of Funding of Legal Formation for Community Purchase of Halibut and Sablefish Commercial IFQ Non-Profit Organizations**
By: Tlingit Haida Indians of the City and Borough of Juneau

WHEREAS, communities throughout Alaska that are dependent on commercial halibut and sablefish fishing are in extreme economic distress due to fundamental, long term changes in the seafood markets, unprecedented low salmon prices and closure of many processing operations and the loss of most markets for Alaska fishermen; and

WHEREAS, the Alaskan fishing industry is facing a crisis of terrible proportion; and

WHEREAS, the loss of many processors has added to this crisis and created a situation in which it is physically impossible for the remaining Alaskan processors to commit to buying a vast majority of the fast approaching 2004 return; and

WHEREAS, many coastal communities are eligible to form Community IFQ's Nonprofit Corporations to purchase halibut and sablefish; and

WHEREAS, the NPFMC is drafting guidelines which determine eligible communities, appropriate ownership entities, Ownership caps on individual communities, Cumulative ownership caps, blocked and unblocked shares, vessel size restrictions, sale criteria, codes of conduct, administrative oversight, and sunset provisions important to our affected communities; and

WHEREAS, the opportunity to have the S.E. Alaska Coastal Communities benefit from such IFQ's is important to the economic survival of our Native villages;

NOW THEREFORE BE IT RESOLVED, that the Sixty-Ninth General Assembly of Central Council Tlingit and Haida Indian Tribes of Alaska convened in Juneau, Alaska on April 14-17, 2004 direct the Central Council President and Lawyers to work to draft and Incorporate a Regional S.E. Alaska Nonprofit Corporation to help our S.E. Villages benefit by these programs with any and all legal rights established under this program considered by the National Marine Fisheries Management Council.

ADOPTED this th 17 of April, 2004 by the Sixty-Ninth General Assembly of the Central Council of the Tlingit and Haida Indian Tribes of Alaska.

GULF OF ALASKA COASTAL COMMUNITIES COALITION (GOAC³)

P.O. Box 201236, Anchorage AK 99520

Phone: 907-561-7633 FAX: 907-561-7634

E-mail: goaccc@alaska.net

www.goac3.org

DATE: May 2, 2004

TO: Representative John Harris, co-chair House Finance Committee
Representative Bill Williams, co-chair House Finance Committee
Representative Kevin Meyer, vice-chair
Representative Mike Chenault
Representative Hugh Fate
Representative Richard Foster
Representative Mike Hawker
Representative Bill Stoltze
Representative Eric Kroft
Representative Reggie Joule
Representative Cari Moses

RE: SB 387: An act authorizing the making of certain commercial fishing loans to eligible community quota entities for the purchase of certain fishing quota shares; and providing for an effective date.

Dear Representatives:

I am writing concerning the proposed legislation, Senate Bill 387, which has been recently introduced by Governor Frank Murkowski and approved by the Senate.

The Gulf of Alaska Coastal Communities Coalition (GOAC3) greatly appreciates the Governor's and other efforts in introducing a bill which will enable the pending CQEs (non-profit community quota entities) become eligible for specific commercial fishing loans through the Alaska Division of Investments.

CQEs will result from an amendment to the existing Halibut and Sablefish IFQ (Individual Fishing Quota) program which affects 42 eligible communities within the Gulf of Alaska. Amendment #66 is a program that the GOAC3 has promoted within the North Pacific Fisheries Management Council (NPFMC) since 1998.¹ It was approved by Council on April 10, 2002, and

¹ The NPFMC web site on "Halibut issues" contains some of our white papers leading up to the passage of Amendment #66. The Council's own analysis under the EA/RIR for this issue details the economic impacts on communities. The GOAC3 has a member on the Council's Advisory Panel.

has subsequently been reviewed by the National Marine Fisheries Service (NMFS) and published in the *Federal Register* as a "Final Rule."² The effective date is June 1, 2004

The intent of Amendment #66 is to help neutralize some of the negative impacts of the 1995 implementation of the Halibut and Sablefish IFQ program. Research illustrated that many of our smaller communities in the Gulf of Alaska (less than 1500 in population and not connected to a larger community by a road system) lost a great amount of fishing opportunity and infrastructure because community fishermen did not qualify for initial issuance of quota share. Because the IFQ program was already in place, the Council felt their only option was to allow eligible GOA communities to form CQEs with the ability to *purchase* quota share as a qualified buyer.

Amendment #66 is a complex amendment to a complex program.³ It has had numerous reviews by the Council and others, with many hours of public testimony. The GOAC3 feels that the final amendment is a positive opportunity with enough checks and balances built-in that we should all feel good about the protections it offers to each of our groups.

Why is Amendment #66 important to our smaller GOA communities and why is it important to the State of Alaska?

- It will provide an important opportunity to bring back lost fishing effort to smaller GOA coastal communities, which in turn provides increased revenue to the communities from harvesting, processing, jobs and infrastructure needs
- It will provide opportunity to keep revenue within the state
- It will provide opportunity to expand fisheries initiatives within communities
- It will encourage a great amount of local control and creativity while still protecting the integrity of the program
- It will create another market opportunity for quota share sellers

The GOAC3 has worked since 1998 on trying to find solutions to the continuing loss of fishing opportunity to the smaller GOA communities. The loss has been so dramatic in the last few years that we are greatly concerned about stabilizing the situation. Amendment #66 will provide one important way to do this.

We and the newly formed CQEs will be looking for funding sources from many places. Halibut and sablefish IFQ prices are at historic highs, in large part because the IFQ program has allowed harvesters and processors to offer a better product through a much longer fishing time. Because the prices are so high, it will be important for our CQEs to find sources of financing which are

² April 30, 2004

³ Please refer to a power point presentation created by Phil Smith of the National Marine Fisheries Service to explain Amendment #66 in greater detail. It also provides an excellent brief history of the IFQ program. The GOAC3 will be working with Phil to create an Amendment #66 FAQ.

flexible and give us the maximum level of opportunity to purchase quota share and lease to area residents. It is for this reason we strongly support SB 387.

We are working with the State of Alaska (Department of Community and Economic Development) and the National Marine Fisheries Service / Restricted Access Management Division to conduct regional community meetings addressing the details of the program and offer some ideas for financing the purchase of halibut and sablefish. This week we will be in communities on Kodiak Island and Aleutians East. Soon we will be travelling to Prince William Sound and Southeast communities. We hope that SB 387 is quickly approved by the Legislature so that the eligible communities can utilize the options it provides.

Members of the Legislature will be receiving many Public Opinion Messages in support of SB 387. If we can be of any assistance in providing further information, please do not hesitate to call us.

We thank you for your time and consideration of this important matter.

Sincerely,

Gale K. Vick, Executive Director
Gulf of Alaska Coastal Communities Coalition (GOAC3)

Cc: GOAC3 Board of Directors and Technical Team
Governor Frank Murkowski
Alan Austerman, Fish Advisor, Office of the Governor
Commissioner Edgar Blatchford, Department of Community & Economic Dev.
Greg Winegar, DCED/ Division of Investments
Phil Smith, National Marine Fisheries Service/ Restrict Access Management